

# Analysis of Proposals for Transportation Credits

June 17, 2008 Workshop  
In Preparation for the July 1, 2008 Hearing

## Methodology

The impact of the alternative proposals for the transportation credit system were analyzed using data from the period beginning May 2007 and ending April 2008. The data was based on actual pounds of product using transportation credits.

### Average Monthly Pounds of Product Currently Eligible for Transportation Credits, with Estimate of Additional Pounds Eligible under the Proposals by the Institute and Humboldt, May 2007 through April 2008

	Current (lb.)	Proposed (lb.)	Total (lb.)
<b>Milk *</b>	20,334,098	1,982,018	22,316,116
<b>Skim</b>	5,114,392	0	5,114,392
<b>Condensed Skim</b>	3,597,998	2,531,056	6,129,054
<b>TOTAL</b>	<b>29,046,488</b>	<b>4,513,074</b>	<b>33,559,562</b>

\* Milk Includes Whole, 2-10 and 1-11

The monetary impacts were generated by assuming that the current, April 2008, credit rates were in effect for the entire analysis period. The proposed changes to these rates included:

- Changing the rates for the credits
- Adding new designated supply counties and new designated deficit counties

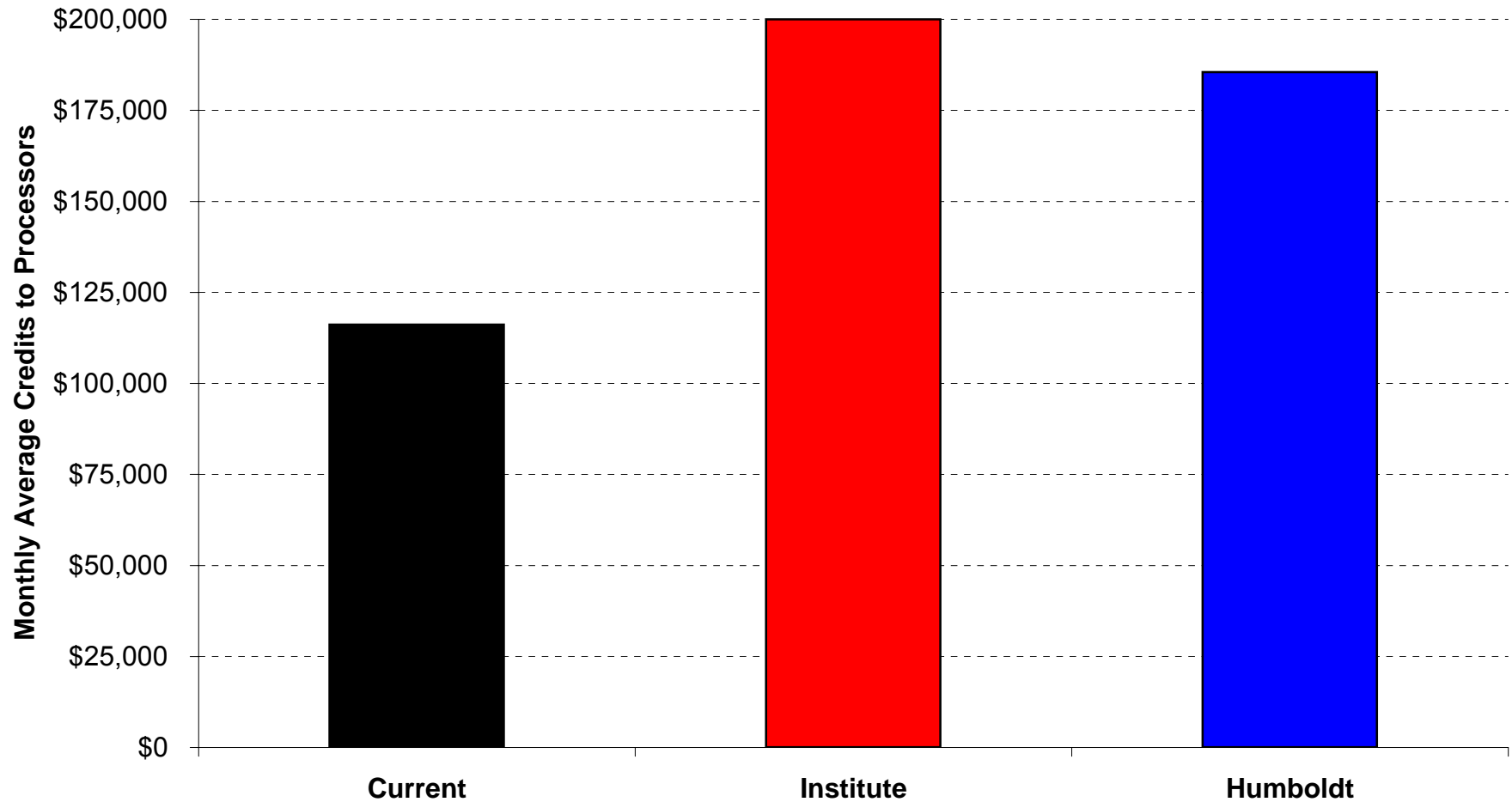
This methodology assumes that historic patterns of milk movement would have remained unchanged under the new proposals.

## Results

### Average Monthly Transportation Credits under Current System and under Proposals by the Institute and Humboldt, May 2007 through April 2008

	Total (\$/month)	Change (\$/month)	(%)
<b>Current</b>	\$116,146		
<b>Institute</b>	\$199,998	\$83,852	72.2%
<b>Humboldt</b>	\$185,517	\$69,371	59.7%

**Estimated Impact Analysis**  
Average Monthly Credits to Processors after Proposed Changes  
In Monthly Averages for May 2007 through April 2008



**TOTAL VALUE OF CREDITS AND DIFFERENTIALS TO PROCESSORS (plant-to-plant)  
CURRENT VALUES AND ESTIMATED VALUES OF PROPOSED CHANGES\***

<b>FROM:</b>	LA	Tulare	Tulare	Kings & Fresno	Kings & Fresno	Sonoma	Merced & Stanislaus	Merced & Stanislaus	Merced & Stanislaus	Humboldt	<b>TOTAL CREDITS PLUS DIFFERENTIAL</b>
<b>TO:</b>	Orange, Riverside, San Bernardino, San Diego, & Ventura	LA, Orange, & Ventura	Riverside, San Bernardino, & San Diego	LA, Orange, & Ventura	Riverside, San Bernardino & San Diego	Alameda, San Francisco, & Santa Clara	Alameda, San Francisco, & Santa Clara	Sacramento	Solano & Sonoma	Orange, Riverside, LA, San Bernardino, & Ventura	
<b>CURRENT Total (\$)</b>	\$98,100	\$4,720	\$0	\$177	\$0	\$0	\$7,759	\$0	\$0	\$5,391 ***	<b>\$116,146</b>
<b>INSTITUTE PROPOSAL Increase (\$)</b>	\$58,330	\$1,088	\$0	\$36	\$0		\$5,921	\$4,805 **	\$13,671		<b>\$83,852</b>
<b>INSTITUTE PROPOSAL Total (\$)</b>	\$156,430	\$5,807	\$0	\$213	\$0		\$13,680	\$4,805	\$13,671		<b>\$199,998</b>
<b>INSTITUTE PROPOSAL Increase (%)</b>	59%	23%		21%			76%	n.a.	n.a.		<b>72%</b>
<b>HUMBOLDT PROPOSAL Increase (\$)</b>										\$69,371	<b>\$69,371</b>
<b>HUMBOLDT PROPOSAL Total (\$)</b>										\$74,762	<b>\$185,517</b>
<b>HUMBOLDT PROPOSAL Increase (%)</b>										1287%	<b>60%</b>

\* The alternative proposals for the transportation credit system were analyzed using data from the period beginning May 2007 and ending April 2008. The data was based on actual pounds of product using transportation credits.

\*\* The \$4,805 increase is the sum of \$1,317 for the boundary change and \$3,489 for the rate increase.

\*\*\* The \$5,391 current total results from the Class 1 price difference between Northern and Southern California (\$0.272/cwt for milk testing 3.5% fat & 8.7% snf).